

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Rod Pacheco Analyst: Roger Lackey Bill Number: AB 2170

Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 05/23/2000

Attorney: Patrick Kusiak Sponsor:

SUBJECT: Net Operating Loss Sustained by Farmers from Pest Infestation/Allows Deduction Carryover Until Loss is Used

- ☒ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended April 24, 2000.
- ☐ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☐ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.
- ☐ FURTHER AMENDMENTS NECESSARY.
- ☐ DEPARTMENT POSITION CHANGED TO _____.
- ☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED April 24, 2000, STILL APPLIES.
- ☐ OTHER - See comments below.

SUMMARY OF BILL

Under the Personal Income Tax Law (PITL) and the Bank and Corporation Tax Law (B&CTL), this bill would allow special net operating loss (NOL) treatment for losses sustained by a farmer as a result of pest infestations.

SUMMARY OF AMENDMENT

The May 23, 2000, amendments made department recommended changes that resolved most of the policy and all of the implementation considerations raised in the department's prior analysis. The amendments would allow the NOL to be used only for farming income attributable to an area affected by pest infestation; allow taxpayers to elect to compute their NOL either under this bill or existing law; and provide apportionment rules to ensure that only those losses attributable to the farm losses from pest infestation could be carried forward and deducted only against income attributable to farming.

Except for the discussion in this analysis, the department's analysis of the bill as amended April 24, 2000, still applies. The remaining unresolved policy consideration and board position are provided below for convenience.

POLICY CONSIDERATIONS

Other special NOL treatment only allows a carryforward period of 6, 7, 8, or 15 years. This bill would allow the NOL to be carried forward until completely used, creating a precedent.

BOARD POSITION

Pending.

Board Position:	Legislative Director	Date
<input type="checkbox"/> S		
<input type="checkbox"/> SA		
<input type="checkbox"/> N		
<input type="checkbox"/> NA		
<input type="checkbox"/> O		
<input type="checkbox"/> OUA		
<input type="checkbox"/> NP		
<input type="checkbox"/> NAR		
<input checked="" type="checkbox"/> PENDING	Johnnie Lou Rosas	6/21/00